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TAGS: [PREL](#) [PGOV](#) [ECON](#) [SENV](#) [PHUM](#) [CH](#) [JP](#) [AS](#) [KS](#) [KN](#)
SUBJECT: AMBASSADOR DISCUSSES REGIONAL ISSUES WITH
AUSTRALIAN AND JAPANESE COUNTERPARTS

Classified By: Ambassador Clark T. Randt, Jr.
Reasons 1.4 (b) and (d).

Summary

¶1. (C) Canberra wants to be "in the loop" regarding discussions of a Northeast Asia Peace and Security Mechanism (NEAPSM), given that Australia is likely to be drawn into any conflict in the region, Australian Ambassador to China Geoff Raby told Ambassador Randt and Japanese Ambassador Yuji Miyamoto August 2. Ambassador Raby noted Chinese concerns about quadrilateral talks among Australia, India, Japan and the United States, but Ambassador Miyamoto thought such questions were "normal" and not a problem, given that China is involved in its own groupings like the Shanghai Cooperation Organization (SCO). Chinese FM Yang Jiechi discussed the "fragile and dangerous" cross-Straits situation with Japanese FM Taro Aso in Manila, Miyamoto said. Beijing seems "genuinely worried" about the current cross-Straits situation, Ambassador Raby noted. Japan is willing to discuss all issues in normalization talks with the DPRK, including compensation, but North Korea must agree to solve the abductions problem, Miyamoto said. While expressing concern about Chinese military intentions, Miyamoto stressed that these worries should not affect political and economic relations with China. The Australian Defense Minister had a "convivial" visit to China but "learned nothing," Raby lamented. Climate change will be an important topic on the APEC agenda, with Australia hoping for Chinese support given Beijing's interest in dealing with environmental issues as a way to ensure domestic stability. Miyamoto was pessimistic about China's ability to deal with mounting domestic problems. The August 30 Australia-China human rights dialogue was productive, Raby said, noting that in recent years China has shifted from denying problems to providing explanations for why problems exist. Foreign Minister Taro Aso is likely to be promoted to an "important new job" if Prime Minister Abe reshuffles his cabinet, Miyamoto said. End Summary.

Northeast Asia Peace and Security Mechanism

¶2. (C) Canberra is paying close attention to discussions on a Northeast Asia Peace and Security Mechanism (NEAPSM) as part of the Six-Party Talks and wants to be "kept in the loop," Australian Ambassador Geoff Raby told Ambassador Randt and Japanese

Ambassador Yuji Miyamoto at an August 2 lunch at the Australian Embassy. Ambassador Raby said Australia's "working hypothesis" is that it would be drawn into any conflict in Northeast Asia, given its security alliance with the United States, as well as with Japan, not to mention its huge economic and trade interests in the region. Australia therefore has asked China to include it at an "early date" in NEAPSM discussions. Canberra's Ambassadors in Washington and Tokyo will make similar requests soon, and Foreign Minister Downer plans to make NEAPSM a "big issue" during bilateral meetings on the margins of APEC. Ambassador Raby said his "personal opinion" was that the region needs some sort of security mechanism that does not have ASEAN at the center. He said Chinese counterparts have told him that they are supportive of a regional security mechanism, but they hope that ASEAN will continue to play a central role in it.

13. (C) Ambassador Miyamoto urged caution on NEAPSM, noting that in light of current regional "uncertainties," Tokyo's primary concern is how any multilateral mechanism would affect current alliances. The "lessons of history" demonstrate that the scrapping of the UK-Japan bilateral alliance for the Washington Treaty system prior to WWII was the "beginning of Japan's downfall," Miyamoto stated, emphasizing that no one wants a repeat of that "pre-War drama." Ambassador Randt assured Miyamoto that Washington's intention regarding the NEAPSM is to complement, not replace, our existing alliance relationships. Despite Japanese reservations, Ambassador Miyamoto said his "personal view" is that a multilateral mechanism is the "only way" to deal with China's growing power. In light of China's strength

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and stunning economic growth, if the PRC were to become a threat in the future, the power of just one country, even that of the United States, would be insufficient as a counterbalance. The only way to influence China and ensure regional security, therefore, is to create some sort of multilateral body.

PRC Concerns over Quad, Australia-Japan Defense Ties

14. (C) Ambassador Raby asked about the PRC reaction to quadrilateral talks among Australia, India, Japan and the United States, noting that the Chinese often raise the subject with him. Ambassador Randt replied that MFA counterparts routinely raise the Quad discussions and inquire as to the intentions of the talks. Ambassador Miyamoto thought China's questions about the Quad were "normal" and not a cause for concern. China pursues its own interests by participating in groups such as the Shanghai Cooperation Organization (SCO), in part to offset U.S. influence in Central Asia. Beijing did not consult with anyone before developing relations with African countries, which it knew would impact others. Although we should be careful not to pursue confrontation with China, Miyamoto said groupings such as the Quad were "necessary" for dealing with Beijing. Chinese apprehension about the Quad came up often during the recent visit of the Australian Defense Minister, Raby said. Turning to the new Australia-Japan security mechanism, Ambassador Raby said the Chinese Government has yet to raise it with him, although PRC think tanks often bring it up. Ambassador Miyamoto said the Chinese have not discussed the subject with him.

Taiwan

15. (C) Chinese Foreign Minister Yang Jiechi "for the first time" raised Taiwan with Japanese FM Taro Aso in Manila, Ambassador Miyamoto said. Previously, Beijing did not seem overly concerned with Japan's position on Taiwan. In Manila, however, FM Yang lectured Aso at length about the "fragile and dangerous" cross-Straits situation. The Chinese frequently lecture Australia on Taiwan, Ambassador Raby said, observing that Beijing seems "genuinely worried" about the current situation. Beijing has also been "in overdrive" in stating concerns about Taiwan's status at the upcoming APEC meetings. Ambassador Miyamoto said China had "learned a lesson" from previous Taiwan crises and has been careful this time in its public comments on Taiwan. Miyamoto nevertheless acknowledged that domestic pressure within China could push Beijing toward taking a more aggressive stance.

North Korea, Six-Party Talks, Japanese Abductees

16. (C) Even though all parties were on their "best behavior" at the last round of Six-Party Talks, especially the North Koreans, a great deal of difficult work on core issues remains unresolved, Ambassador Miyamoto commented. Pyongyang is sure to raise new subjects and "play tricks" at some point, including by bringing up light-water reactors as a "bargaining chip," Miyamoto said. Nevertheless, during the talks the Japanese and DPRK delegations held an "amicable" meeting to discuss normalization, in contrast to the first normalization working group meeting, when Pyongyang refused to even discuss abductees. Abductions will remain an important issue for Japan, even if there is a change in government in Tokyo. Japan is willing to "put everything on the table" and discuss all issues as part of a "package deal," including compensation, but North Korea must agree to solve the abductions problem, Miyamoto averred.

17. (C) Ambassador Raby, who will travel to Pyongyang next Tuesday to present his credentials to the DPRK Government, to which he will be concurrently accredited, agreed at Miyamoto's request to raise the abductees issue while in Pyongyang. Raby said Chinese Vice Foreign Minister Wu Dawei had encouraged him to request a meeting with Kim Jong-Il, but Canberra has been reluctant to do so, meaning that he will most

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likely be received in Pyongyang by the DPRK's new Foreign Minister or North Korea's "nominal" President.

Chinese Military Transparency

18. (C) Ambassador Miyamoto expressed concern about the Chinese military's intentions but stressed that these worries should not affect political and economic relations with China. We must engage China. The PLA has long argued for increased capabilities in order to prevent Taiwan independence. It is unclear whether behind that concern over Taiwan there also exists any "big power chauvinism." It would be unfortunate if that were so, but we must be prepared for that possibility, Miyamoto stated. Increased PLA transparency would be a good first step toward allaying our concerns. While it is understandable that China's expanding interests justify enhanced military capabilities, those capabilities can always be used for other purposes, which is precisely why Japan's alliance with the United States is so important, Miyamoto said. Ambassador Raby seconded this view, stating that is precisely why Canberra's alliance with Washington is so important.

¶9. (C) Australia has also been pushing the PLA to increase transparency, Ambassador Raby said. The Australian Defense Minister had a "convivial" visit with Chinese counterparts during his recent visit to Beijing but in the end learned "nothing," Raby lamented. There have been some positive developments in relations with the PLA, Ambassador Miyamoto noted, explaining that the Chinese Defense Minister will visit Japan in September, the first time in nine years. A number of Chinese naval vessels have visited Japan this year. A Chinese naval ship will make a port call in Australia on September 7, which Ambassador Raby thought was the first-ever PLA ship visit to Australia.

APEC, China's Domestic Challenges

¶10. (C) Climate change will be an important topic on the upcoming APEC agenda, Ambassador Raby stated, commenting that China itself has discovered that issues like climate change, energy and the environment are important for China's domestic stability. Australia hopes to "bump up" the level of aspirational statements on climate change at APEC, laying out specific energy efficiency objectives, albeit non-binding ones. China itself has energy efficiency goals in its five-year plan. Ambassador Miyamoto observed that China, for its own domestic and international reasons, is serious about pursuing climate change and energy efficiency goals but will likely agree only to relative, not absolute, reductions in emissions, because it simply is not willing to sacrifice economic growth.

¶11. (C) Miyamoto thought the magnitude of China's domestic challenges is increasing and was pessimistic about the Communist Party's ability to deal with these problems. He agreed with Raby that one of China's most pressing problems is trying to coordinate among competing interests within the Party. China also faces a number of economic problems caused by its reluctance to liberalize its exchange rate and financial systems. Beijing should rely more on market forces, fewer regulations and the rule of law, but is afraid to do so. Even if implementing exchange rate reform would not solve China's trade surplus with the United States, China must do so for its own development, Raby said. The same holds true for the price of natural resources, which Australia thinks should increase by 50 percent. Only then would inefficient polluters be driven out of business. The government, meanwhile, continues to rely on regulation and government intervention. One cause for optimism, however, is the unification of China's domestic market, Miyamoto observed, due to massive infrastructure development fueled by economic growth, resulting in increased productivity.

Human Rights: PRC-Australia Dialogue

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¶12. (C) The August 30 round of the Australia-China human rights dialogue was "productive," Ambassador Raby said. AFM He Yafei led the PRC delegation this time, with Australia successfully resisting Chinese attempts to downgrade the talks to the DG level. Only on the issue of the Dalai Lama was He Yafei "sharp and aggressive," Raby said. Australia handed over a list of cases of concern. A number of high-level, non-MFA representatives attended for the Chinese side, which Raby surmised was part of MFA's strategy to expose other PRC agencies to the thinking of foreigners on

human rights. The tone of the dialogue has improved over the last 11 years, Ambassador Raby stated, commenting that at first both sides simply "shouted" at each other, but in the last few years the Chinese side has stopped denying problems and instead now provides explanations for why the problems exist. Australia has implemented a one-to-two-million-dollar technical assistance program to bring Australian judges to China to teach about the rights of the accused. At the last dialogue, the main topic was the rights of HIV/AIDS sufferers. This time it was lawyers who defend the rights of individuals. Raby said China knows where it wants to go on human rights but appears not to know how to get there under a one-Party system.

FM Aso up for Promotion?

¶13. (C) In the wake of the LDP's Diet Upper House election defeat, Prime Minister Abe could reshuffle his abinet "at any time," Miyamoto said. If so, Foreign Minister Aso would likely be promoted to an "important new job." If this were to happen, Miyamoto lamented that Japan would need some time to get a new, and likely inexperienced, foreign minister "up to speed."
RANDT